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on Wednesday, 25 June 1997, at 3 p.m.

President: Mr. I. POSTA (Hungary)

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The meeting was called to order at 3.45 p.m.

FOLLOW-UP TO THE SEVENTH SPECIAL SESSION: DRAFT BUSINESS PLAN OF THE INTERSESSIONAL WORKING GROUP ON THE FUTURE ROLE AND FUNCTIONS OF UNIDO (*continued*) (IDB.17/24 and Corr.1, IDB.17/25; IDB.17/CRP.5, IDB.17/CRP.7)

FIELD REPRESENTATION (*continued*) (IDB.17/9)

1. **The PRESIDENT** reminded the Board that the Secretariat had been requested to prepare two detailed budget proposal scenarios on the basis of 20 and 10 per cent reductions, in accordance with the draft business plan (IDB.17/25, annex) for purposes of the proposed 1998-1999 programme and budgets. Those scenarios would be examined in depth at the next session of the Programme and Budget Committee (PBC) in September 1997. A third proposal, for the preparation of a 30 per cent budget reduction scenario, had been put to the Board at the previous meeting.

2. **Mr. TIWARI** (India) said that, while he recognized the right of the representative of Japan, as a major donor country, to request that a scenario be elaborated on the basis of a 30 per cent budget reduction, the question of viability had to be considered. While it might be technically feasible for UNIDO to discharge its mandates with such limited financial resources, the question arose whether the Member States' objective would be attained if the Organization were barely viable, with the result that after one year, for example, it might have met only 10 per cent of the felt needs of the developing countries.

3. UNIDO's main objective of providing services where it had a comparative advantage should not be overlooked. It was doubtful what would be achieved if a viable, self-supporting structure with the required critical mass were established and funds were then withheld. It was surely not the Japanese delegation's intention to leave UNIDO in such a situation. The purpose of the exercise was not to pare the Organization back to the bare minimum but to eliminate what was unnecessary.

4. He believed that the sound judgement of the donor States could be relied upon to prevail. It was in their interests that the developing countries should be able to repay their debts and to expand their trade with the developed world.

5. **The PRESIDENT** said that the finalization of the draft business plan would be entrusted to the informal consultations group for the preparation of a draft decision to be submitted to the plenary for adoption. He would request the representative of Denmark to replace the representative of Sudan as chairman of the informal consultations at the current session.

6. **Mr. MANCZYK** (Poland) said that budgetary cuts reflecting the reduced membership of UNIDO were justified, but additional reductions of the budget would have a negative impact on the reform process and on UNIDO's future, seriously weakening the Organization. To consolidate UNIDO's position, Poland would prefer the reduction to be closer to 10 than to 20 per cent, but certainly not above 20 per cent, in conformity with the blueprint indicated in the draft business plan, and assuming substantive and structural rationalization and considerable staff reductions.

7. **Mr. KHALIL** (Tunisia) said that the African Group regarded the two scenarios mentioned in the draft business plan as merely indicative. His delegation had requested the Secretariat to prepare budget proposals on the basis of the new programmes and restructuring measures as elaborated in the business plan. The Japanese delegation had now requested the preparation of budget proposals on the basis of a third scenario. It should be possible for the Secretariat to give consideration to all three scenarios and report to the PBC at its next session, whereupon discussions could be held and a decision taken as to the percentage reduction to be applied. The Board could therefore now proceed to the consideration of the next agenda item.

8. **The PRESIDENT** said that, although the draft business plan envisaged the concentration of UNIDO's future activities, the discontinuation of some activities, and the streamlining of organizational structures, the Secretariat would not be able to present its budget proposals without the indication of a budgetary ceiling. He suggested that the Board might wish proposals to be prepared on the basis of the three budget reduction scenarios under discussion.

9. **Mr. BARRIOS SUVELZA** (Observer for Bolivia), speaking on behalf of the Latin American and Caribbean Group (GRULAC), said that the Japanese delegation's concern was understandable and its position rational. As a possible consensus solution, he suggested that, while the 10 and 20 per cent reduction proposals could be maintained in the wording of the business plan, the Secretariat might also prepare a 30 per cent budget reduction scenario, but as a separate input to be submitted to the PBC for its guidance at its forthcoming session, even though, in GRULAC's view, it would demonstrate the non-viability of UNIDO if implemented. He hoped

that, independently of the elaboration of the 30 per cent scenario, the Secretariat would, if appropriate, also be able to show whether the Organization could function with a budgetary cut of more than 20 per cent.

10. **Mr. IKEDA** (Japan) said that he was appreciative of GRULAC's understanding of his proposal. As a precondition of his agreement to the suggestion made by the Observer for Bolivia, he would like confirmation that the Secretariat would prepare the 30 per cent budget reduction scenario as a separate document for the information of the PBC, that the reference to the 20 per cent and 10 per cent reductions of the budget would remain unchanged in the business plan, and that all three scenarios would be treated on an equal footing at the forthcoming PBC session.

11. **Mr. BARRIOS SUVELZA** (Observer for Bolivia) said that it was understood by GRULAC that the 30 per cent scenario would be treated on the same footing as the other scenarios.

12. **Mr. KHALIL** (Tunisia), referring to the paragraph between square brackets in the draft business plan, said that the majority view emerging in the informal consultations was that the mechanism for regular dialogue between Member States and the Secretariat on the reform of UNIDO should continue to be provided by the intersessional working group, under the chairmanship of the President of the Board. He therefore suggested that no advisory body be set up for that purpose.

13. **Mr. FÖRSTER** (Netherlands) agreed. The creation of a new body would run counter to UNIDO's efforts to trim down its structure. It was logical that the President should continue to chair the working group, in a monitoring function, for the remainder of the reform process. The paragraph dealing with the process rather than the outcome of the reform should be deleted from the business plan, which dealt specifically with the future functions of UNIDO.

14. **Mr. BREITER** (Switzerland) said that the proposed compromise seemed to be reasonable and addressed all concerns; he endorsed the proposal that the President should continue to act as chairman of the intersessional working group.

15. **Mr. DAHMANI** (Algeria) said that a mechanism for coordination between Member States and the Secretariat would be useful during the transitional phase, particularly where transparency was lacking. A group such as the Friends of the Chair might consider the idea but the group might usefully reconsider its composition, and the work that would be required restructuring UNIDO and assume an intermediary role on a fairly permanent and flexible basis. The Algerian delegation fully endorsed the proposal made by Tunisia and supported by the Danish and Swiss delegations.

16. **Mr. TIWARI** (India) concurred with the delegations of Tunisia and Algeria.

17. **Ms. OK** (Turkey) said that her delegation agreed that the work should be done by the informal intersessional group under the guidance of the President, instead of by the Enlarged Bureau. The exact wording of the agreement should be worked out in the informal consultations group.

18. **Mr. BENMOUSSA** (Morocco) agreed with the representative of the Netherlands that the paragraph in question should be deleted from the business plan.

19. **The PRESIDENT** said that there appeared to be unanimous agreement on the need for a mechanism for continuing the dialogue between the Member States and the Secretariat. The actual wording of the relevant agreement would be the responsibility of the drafting group with the informal consultations.

20. The business plan, which would be submitted to the plenary at the end of the session, would be accompanied by a draft resolution which might also contain some reference to the follow-up activities of the intersessional working group.

21. He expressed his gratitude to the Board for its confidence in him in proposing his continued chairmanship of the intersessional working group and hoped that his authorities would give the necessary approval.

22. **Mr. DE MARIA Y CAMPOS** (Director-General) drew the Board's attention to the need to take into account the cost of the proposed exercise, since interpretation would have to be provided.

23. **The PRESIDENT** confirmed that the informal consultations group would be asked to pay special attention to the question of cost in formulating the draft resolution.

24. The last question for consideration was the proposal by Switzerland to establish an evaluation scheme using performance or output indicators to monitor the implementation of the business plan.

25. **Mr. BREITER** (Switzerland) said that indicators used within UNIDO had more to do with input and activities, particularly financial, and less to do with output and results. A more objective performance measurement seemed to be needed and would improve organizational

performance and enhance transparency. The Swiss delegation was prepared to participate in the drafting group and if necessary to submit a draft text.

26. Performance-related work was currently being undertaken in the Secretariat. A brief account of progress might be useful.

27. **Mr. DE MARIA Y CAMPOS** (Director-General) said that there were two aspects, of performance monitoring, involving parameters for evaluation of the Organization and a second aspect, which was perhaps what the Swiss delegation had in mind, related to evaluating the reform process itself, a matter to which the Secretariat had already given some thought. He would welcome any transparency that discussion of the Secretariat's ideas with a small group could give.

28. It was important to bear in mind that reform was not the responsibility of the Secretariat alone but of Member States as well. The evaluation criteria to be evolved should therefore be capable of measuring the extent to which Member States met their responsibilities.

29. UNIDO was aware of the need for self-assessment and had already established a system for that purpose. If the Board so wished, the Secretariat could circulate a document on the results so far.

30. **Mr. FÖRSTER** (Netherlands) said that the proposal appeared to be attractive on first examination and might be combined with the proposal by the Tunisian delegation that the President continue to chair the intersessional group.

31. **Mr. BENMOUSSA** (Morocco) said that although his delegation had endorsed the Swiss proposal, it should be clearly understood that the indicators would be related to the reform process itself rather than to the performance of the Organization. There were two types of indicators, however, quantitative and qualitative. The former could be provided quickly by the Secretariat, whereas qualitative indicators were related to matters such as decentralization, transparent management or efficiency gains. If the reform process were to be properly evaluated, the two types of indicators would have to be combined.

32. He agreed that the work should be entrusted to the intersessional working group.

33. **Mr. TIWARI** (India) said that while there was great merit in the Swiss proposal to establish indicators to monitor and evaluate the reform process, it might be unwise for the Board to become involved in personal evaluation, as the performance of a staff member assigned to work in very favourable circumstances would be very different from that of someone working in very unfavourable conditions, and the two could not validly be compared.

34. **Mr. BREITER** (Switzerland) said that if the principle were incorporated into the business plan, the means could be found either through discussions within the working group or the intersessional working group, or with the assistance of experts in the Secretariat, of identifying a limited set of indicators that would make it possible to follow up the reform process in the future. There would thus be a two-stage approach.

35. **The PRESIDENT**, summing up, said that the idea of having indicators to monitor the implementation of the reform process had received wide support, but there had been no support for monitoring personal performance. In view of the general agreement that the matter should be addressed within the intersessional working group, the Secretariat might be requested to submit concrete ideas about possible indicators to one of the group's early sessions. If the Board so wished, the idea could be reflected in the document which would accompany the business plan. If there were no objections, the informal group would be informed accordingly and the question reconsidered in conjunction with the budget as earlier agreed.

36. In response to a point raised by the representative of Japan, he said that subject to the consultations with the Japanese authorities, the Board had agreed that the two percentage reductions already mentioned would remain in the business plan for the time being. The Director-General would be requested to prepare a third scenario and the relevant document would mention that the three proposals could be handled on an equal footing during the PBC meeting.

STATEMENT BY THE ORGANIZATION OF AFRICAN UNITY

37. **MR. MAKHAN** (Assistant Secretary-General, Organization of African Unity) said that Africa was fully conscious of the new global economic environment. Many African countries had embarked on far-reaching political and economic reforms, emphasizing industrialization as a major development sector, but the understanding and support of the international community for the priorities determined by Africa was needed.

38. A number of encouraging developments had taken place; the Abuja Treaty establishing the African Economic Community was already operational and the first session of its Economic and Social Commission had been held at ministerial level. At the inaugural sessions of the Council of Ministers and the Assembly of Heads of State and Government at Harare during OAU meetings, Africa had reaffirmed its commitment to assuming

ownership of its development, while bearing in mind that it would nevertheless require the constant understanding and support of its development partners and of the international community as a whole. The Heads of State and Government had reiterated Africa's common position in respect of its industrialization and of UNIDO itself: UNIDO should continue to receive adequate financial support for its programmes and projects, particularly with regard to Africa's industrial development needs; furthermore, the African continent should be given its adequate role and representation in the management of the future UNIDO.

39. Africa fully supported the reforms required, but reform should not take place at the expense of the effectiveness of the Organization's programme and projects or its efficiency, particularly at a time when Africa required more than ever UNIDO's input in its industrial development programmes. Africa consequently fully supported the decentralization of UNIDO's activities and the strengthening of its field representatives with the required level of expertise.

40. In their Declaration on Africa's Industrialization, the Heads of State and Government had, *inter alia*, reiterated their unflinching support for UNIDO and the Abidjan Declaration of October 1996 establishing the Alliance for Africa's Industrialization. They had also reaffirmed their belief that, without sustainable industrial development, African economies would be condemned to persistent economic crisis, dependence on humanitarian relief, and deepening poverty, despair and political unrest with dire consequences for global peace and stability.

41. Taking note of the findings and recommendations of the mid-term evaluation of the Second Industrial Development Decade for Africa (IDDA2) programme, the Plan of Action of the Alliance for Africa's Industrialization had been adopted in the Harare Declaration as the implementation mechanism for a refocused programme for the Second Industrial Development Decade for Africa. The Declaration had also approved the creation of a Patron Group for Africa's industrialization, consisting of five Heads of State and Government. The OAU therefore requested the international community and its partners in development to strengthen UNIDO and maintain it as a United Nations specialized agency focusing on the promotion of industrial development through international capacity-building, investment, skills enhancement and facilitating partnerships and initiatives to support global industrial cooperation in developing countries and countries in transition.

42. The Heads of State and Government had also given full and careful consideration to the issue of the next Director-General of UNIDO and had unanimously endorsed the candidature of Mrs. Olubanke King-Akerele as Africa's sole candidate for the post. Mrs. King-Akerele had, over the years, acquired vast experience at the national and international levels as well as within Africa. Africa commended its candidate to its development partners.

DEVELOPMENT OF HUMAN RESOURCES FOR INDUSTRY (IDB.17/6)

INTEGRATION OF WOMEN IN INDUSTRIAL DEVELOPMENT (IDB.17/3)

ENVIRONMENTALLY SUSTAINABLE INDUSTRIAL DEVELOPMENT (IDB.17/8)

INDUSTRIAL INVESTMENT PROMOTION (IDB.17/23, IDB.17/CRP.3)

PRIVATE SECTOR DEVELOPMENT (IDB.17/11)

43. **Mr. PISKOUNOV** (Managing Director, Human Resource, Enterprise and Private Sector Development Division), introducing agenda item 7, said that although the programme was earmarked for discontinuation, the Secretariat had prepared a document which would provide a clear picture of what had been achieved so far, particularly in terms of developing new concepts and the ways in which those concepts and instruments worked in practice.

44. HRD activities should be an integral part of a larger developmental vision encompassing industrial technology, quality, standards and norms, environmental concerns and subsector know-how, within the context of a supportive policy framework and an institutional infrastructure.

45. While globalization and technological advances in the world's industrialized countries threatened to leave developing countries behind, information and communications technology was creating a unique opportunity for those in developing countries to upgrade and obtain the skills necessary to support income-generating activities. In response to those changes, the HRD branch had developed a number of instruments to help Governments and enterprises set priorities and formulate HRD policies and strategies. The Human Resources Diagnosis and Reorientation Map (HRD-ROM), helped Governments at the national and regional levels, and enterprises at the subsector level, to identify priority areas and formulate relevant HRD policies and the Graduate Resources Integration Programme (GRIP) helped quantify the gap between the skill requirements of industry and the skill attributes of graduates from secondary and tertiary institutions.

46. The Division's High Impact Programmes, furthermore, had benefited women entrepreneurs in the manufacturing and food sectors, where new methodologies, tools and techniques provided opportunities for women entrepreneurs in Burkina Faso, Honduras, Mali, the United Republic of Tanzania and many other countries.

47. Those instruments and gender-related activities responded to the growing need that developing countries should take an integrated approach to the development of human capital formation. Zimbabwe, Tanzania, Colombia and others had benefited from the application of those tools in setting priorities and formulating national and enterprise-level HRD policies and strategies.

48. The HRD Branch used information and communication technologies to deliver learning opportunities to Member States. It had established a web site, the Global Learning Opportunities for Business Education cum Industrial Networking (GLOBE-IN), which was accessible through the Internet at any time and from anywhere to ensure mass outreach, it had developed a multimedia-based learning tool using CD-Interactive, as a platform for delivering interactive learning opportunities.

49. Those and other instruments developed by the HRD Branch addressed two critical issues currently evolving in the field of HRD. First, the need to deliver an integrated package of activities to ensure a holistic approach to human capacity formation, second, the need for readily available technology to ensure mass outreach, particularly to remote areas in developing countries. Both issues required close linkage between HRD activities and other technical activities.

50. With the velocity and volume of information flow increasing rapidly, it was important to ensure that developing countries were not left behind. Whereas the industrial revolution had aggravated the gender gap, the technology revolution threatened to create "info-poverty" in developing countries. To ensure that industrial development was attainable for those countries, particularly in rural areas, off-the-shelf technologies had to be re-engineered to service their information and technical needs. The development of strategic subsectors had to take place within an integrated framework of supportive policies and institutions. The development and application of HRD instruments would therefore play a seminal role in promoting the large body of subsector-specific technical know-how that already existed within UNIDO.

51. Further development and application of those instruments to support upstream policy activities of Governments and help satisfy needs at enterprise and institutional level, and to establish HRD priorities and strategies was likely to increase among Member States. The integration of those instruments and the activities activities of the HRD Branch within a wider context of technical assistance for industrial development would therefore be of paramount significance for the success of UNIDO's future technical assistance activities.

52. **Mr. MARUNO** (Managing Director, Investment and Technology Promotion Division), introducing item 10 on industrial investment promotion, recalled that at its previous session the Board had been able to engage in a constructive dialogue and to offer valuable guidance on the future direction of the Investment Promotion Programme on the basis of the report on investment promotion activities contained in document IDB.16/17. It was hoped to maintain the momentum of that dialogue between Board members and the Secretariat with the assistance of the two documents now before the Board, the first of which (IDB.17/23) focused on the development of the Investment Promotion Service network and the emergence of a second generation of IPS Offices and innovations such as the agreement with NIMTECH in the United Kingdom, while the second (IDB.17/CRP.3) reported on the progress of the programme over the six-month period since the Board's sixteenth session. Together, the two documents gave an overall picture of the current status of the programme.

53. The second document was intended to provide the Board, at the current critical stage in UNIDO's development, with as much information as possible on the impact of the Organization's work in the area of investment promotion and thus enable it to determine future priorities. It also recorded the effects of managerial changes on the Division's activities. As a result of a 25 per cent staff reduction, a flat management structure was now in place, with staff members assuming greater responsibility and accountability for programme management. Investment and technology activities continued to be integrated, and the programme as a whole relied heavily on networking and access to sources of technological and investment information.

54. Thanks to the aforementioned restructuring, the Division was able to offer a re-engineered set of products and services to developing countries, programmes having been redesigned to meet the varying requirements of the different regions. At the same time, a range of innovative activities showed the directions the programme would take in the future and demonstrated the benefits to be derived by clients in both developed and developing countries, and in the public and private sectors. The document explained the rationale behind UNIDO's assistance to developing countries with respect to BOT as an instrument for investment promotion and gave detailed examples of how UNIDO's expertise had assisted specific countries in their industrial infrastructure investment projects. It also described UNIDO's increasingly close cooperation with other international organizations

engaged in investment promotion and reported on client response to the improved quality of UNIDO's investment programmes and its new management style. The increased demand for programmes was reflected in the level of projects approved by May 1997, almost $25 million as against $15 million in the previous year, a trend which was expected to continue, given the number of projects already reviewed by the Screening Committee for Investment Services.

55. The Division's output was not to be gauged, however, solely in terms of technical assistance implementation. Since the Investment and Technology Promotion Division (ITPD) was a promotional division, the ultimate measure was the number of successful investment projects completed. By that measure also, the Division had made solid progress during the reporting period.

56. **Mr. RIGOLA** (Director, Environment and Energy Branch), introducing agenda item 9 on environmentally sustainable industrial development, recalled how, in response to the United Nations Conference on Environment and Development in 1992, UNIDO had reorganized its structure to incorporate the principles of ecologically sustainable industrial development in its operations and to give industrial development a new orientation with a view to long-term benefits, particularly for future generations. Under UNIDO's strategy for sustainable industrial development, the environment ranked equally alongside economic and social factors, all three being incorporated in UNIDO projects in an integrated and balanced manner.

57. UNIDO did not approach environmental matters in isolation, the focus of its endeavours being industry. It was the form in which industry functioned and developed, for instance, through the introduction of improved forms of management and more appropriate technologies, that would determine the extent to which environmental damage could be limited or the environment improved. Better management and more appropriate technologies were the main components of the cleaner industrial production programme aimed at efficient use of raw materials, energy and water and the conservation of non-renewable resources. The further objective of the programme was to reduce or eliminate the production of waste of every kind, especially toxic and hazardous waste, through the introduction of the best treatment technologies offered by the environment industry. It was thus sought to bring industrial processes into line with environmental legislation.

58. Population growth and the development of major urban conglomerations both increased demand for water resources and necessitated an integrated approach to the protection of such sources, their supply, the treatment and recycling of waste water. The importance of the role played by industry in general and by UNIDO in particular in those areas had not been sufficiently appreciated and, together with the United Nations Development Programme (UNDP) and the World Health Organization (WHO), UNIDO was being called upon to take a more active part in meeting needs relating to water management and the conservation of natural resources through recycling, factors of ever increasing importance for the economies of developing countries. Technology transfer in those areas would be extremely important in the years to come, but other dimensions such as environmental policy, public health control, and investment promotion and its funding would also be vital in meeting the growing needs.

59. The United Nations and Bretton Woods institutions had specific functions to fulfil in ensuring the integrated development of water and waste management, a fact confirmed by recent meetings of the Commission on Sustainable Development and at other bilateral meetings with United Nations agencies. A recent initiative proposed a joint approach involving the United Nations Environment Programme (UNEP), WHO and the World Bank, together with UNIDO, to cover industry.

60. The outstanding role played by UNIDO in sustainable development had been recognized in many quarters and had led to proposals for bilateral cooperation with agencies in Germany, the United States, Italy, Canada and other countries. It was planned to expand cooperation on the bilateral and multilateral fronts under the Montreal Protocol programme. Furthermore, UNIDO was engaged in institutional capacity-building in various countries through training seminars and study tours aimed at providing assistance in applying the principles of sustainable development. Such initiatives brought together government representatives and specialists from industrial sectors, the aim being to achieve a fusion of viewpoints and, ultimately, a thoroughly considered and reasoned approach to sustainable development. Some projects in that category had been shared with UNEP, and sustainable development projects in general had been implemented in various African countries, while Colombia and other Latin American countries were seeking similar cooperation. It was only UNIDO's own lack of human resources that prevented it from meeting the demand in that area. A growing number of cooperation requests were also forthcoming from China, where UNIDO's main activities relating to the environment were now being conducted under the Montreal Protocol.

61. In response to the needs of Member States, UNIDO had launched the implementation of Environmental Management Systems through its National Cleaner Production Centre programme and other sector-specific programmes. The centres provided a means of enhancing sustainability while also increasing the capacity of

countries to comply with regulations under the ISO 14000 standards. Eco-labelling, aimed at providing the consumer with information on the environmental friendliness of products, was a special part of that effort but was also seen as a potential barrier to international trade. UNIDO's technical assistance in that area was aimed at ensuring the benefits of such schemes while avoiding their negative effects.

62. Finally, he stressed UNIDO's vital role in the field of sustainable development and its unique capacity, thanks to its competitive edge in the industrial field, to respond simultaneously to the interests of developing and industrialized countries.

63. **Mr. PISKOUNOV** (Human Resource, Enterprise and Private Sector Development Division), introducing agenda item 11 on private sector development, said that the report contained in the document IDB.17/11 described the pioneering work carried out since the sixth session of the General Conference, work which had laid the foundations for UNIDO's endeavours to provide tangible support for the development of the private sector in line with trends throughout the developing regions and countries in transition. It was hoped, through such endeavours, to break down the barriers of ignorance between the public and private sectors, which had for too long stood in the way of the dynamic and innovative industrial development of those regions and countries.

64. The specific achievements of the Division over the past years, as detailed in the report under the heading of "Field operations", were clear. Each individual programme had its own programme manager from the respective branches, all of which deserved commendation for their efforts. A special tribute was due to the Director of the Industrial Policies and Private Sector Development Branch, for his very special efforts, achievements and dedication in the service of UNIDO over many years.

65. The Division's work to date had focused on creating a conceptual framework for private sector development and designing the instruments necessary for its application. Future efforts would be concentrated on activating the new services thus designed. That was not a mechanical process, however, but entailed flexibility, innovation, adjustment to the principles of competitiveness, and a readiness to transfer newly acquired know-how to Member States to help them keep pace with the rapidly changing economic environment.

66. An important element of the Division's work was that of promoting an institutional framework for interactive policy formulation, whereby the public and private sectors could work side by side in framing industrial strategies and policy. In that ar..., UNIDO was playing an important role not only as a neutral catalyst for collaboration between the two sectors, but also as a source of wide-ranging expertise on industrial strategies and policies in different regions and countries at all stages of economic development. Thus, UNIDO had acted as an honest broker in presenting the experience of the "Asian Tigers", in particular, the Republic of Korea, to Latin American countries to help them determine how much of that experience was relevant to their own industrial conditions.

67. From that basic framework, the Division had developed a permanent consultative mechanism in the shape of the International Business Advisory Council (IBAC), working with national business councils at the national level, and now intended to move beyond the consultative phase to the direct provision of technical assistance to the private sector. That was particularly important in regional development, where countries needed to create new comparative advantages rather than exploit existing ones.

68. **Mr. AL-RACHACH** (Saudi Arabia), underlining the need for all Member States to lend UNIDO their full support, said that in identifying priority areas where assistance to developing countries would have maximum impact, the Board could draw on past experience by examining the pattern of requests. On that basis, it was clear that UNIDO had an important role to play in such areas as environmental protection and industrial investment promotion.

69. The recent Group of Eight meeting at Denver and the Earth Summit in New York had both served to alert the international community to the dangers of neglecting environmental safeguards. The case for UNIDO's role in industrial investment promotion was equally clear, namely, to ensure that flows of overseas capital and technology, such as those responsible for the surge in industrialization in certain developing regions, were channelled in a balanced manner and that other developing regions were not excluded from the globalization process.

70. Saudi Arabia had benefited from UNIDO's programme of investment promotion, and an investment promotion unit (IPU) had been established in Riyadh, financed by the Saudi Arabian Government. The unit formed part of UNIDO's global IPS network, promoting the inflow of capital and technology for investment in Saudi Arabia and outward investment flows to projects in other developing countries, and was also a part of UNIDO's growing investment presence in the Gulf region.

71. It was important that the unit, and UNIDO's investment programme as a whole should embrace the full range of industrial collaborative arrangements between

of industrial collaborative arrangements between developed and developing countries, including BOT, an arrangement crucial to the economic development of developing countries. As a first step on the road to industrialization, major manufacturing and industrial infrastructure projects—in many cases BOT operations—were essential. UNIDO provided essential guidance to developing countries, enabling them to cope with the complexity of BOT negotiations.

72. It was clear from the conference room paper on the subject that UNIDO was developing a pool of expertise in that area, to which his Government would most probably have recourse. UNIDO had been successfully associated with BOT negotiations in a number of countries, demonstrating the value of that tool in providing effective assistance. Developing countries would, moreover, derive great benefit from the international recognition currently being given to UNIDO as a source of information on BOT.

73. **Ms. MICHALOPOULOU** (Greece) stressed her delegation's appreciation of the IPS network as an important factor in ensuring effective promotion of international industrial partnerships. UNIDO's investment promotion programme should be primarily directed in future towards accelerating the flow of funding for industrialization in developing countries and economies in transition.

74. Within that programme, UNIDO's task should be to provide strategic advice on methodology, networking and information access, as well as expertise on business needs in donor and recipient countries. In that context, stress should also be laid on UNIDO's contribution to the mobilization of private investment funds for the modernization of public infrastructure and companies, which was of growing relevance, as well as its performance in a number of innovative project-financing schemes introduced in an increasing number of developing countries. The BOT strategy was one such scheme and should be seen as a major instrument for making technological choices aimed at ensuring the required quality of operations, while minimizing environmental damage and infrastructure costs.

75. **Mr. ZAIDE** (Philippines) associated himself with the statement made by the representative of India on behalf of the Asian Group. He stressed the duty of the Member States represented in Vienna to reaffirm the unique value of UNIDO and to ensure that the decision regarding its future was not left to United Nations Headquarters in New York. UNIDO's proving ground consisted in its activities in three areas: field representation; networking; and the promotion of investments and industrialization.

76. Regarding field representation, the Manila field office had one of the highest country cost-sharing contributions to UNIDO programmes and consequently derived the greatest benefits from them, thus demonstrating the validity of the "user pays" principle.

77. In the second area, the Philippines had established exemplary triangular cooperation with Japan and Kyrgyzstan, thus combining North-South and South-South cooperation. That formula for introducing market economy practices into economies in transition was to be repeated in the Mekong area and other regions, and was also being considered by UNDP.

78. With regard to investment promotion and industrialization, the Philippines had recently successfully concluded the INVESTMART'97 in Manila, an investment forum involving the participation of UNIDO and the Philippine Board of Investment (BOI). The forum had attracted 300 foreign and local potential partners from 20 countries; 84 business projects had been evaluated and 52 letters of intent with an estimated value of US$ 420 million had been issued. Those results could not have been achieved without UNIDO or the IPS network.

79. In response to the comments by the representative of Saudi Arabia on BOT assistance, he announced that his country had extensive experience in that area, especially in power generation, which it would be willing to transfer to other developing countries.

80. **Mr. SANUSI** (Nigeria) expressed his delegation's concern that the Industrial Human Resources Development programme had been listed for discontinuation. For the African continent, where training and education were still at a very low level, the need to benefit from complex technological developments in areas such as automation and computerization could not be overemphasized.

81. It was in recognition of the significance of human resources development as an integral part of technological development that Nigeria had set up the Industrial Training Fund (ITF), a programme that had gained the support of the private sector and formed the basis of technological development and management training in all Nigeria's universities and in its 60 or more schools and colleges of science and technology.

82. **Mr. JEDDA** (Tunisia), speaking on agenda item 10, noted that the brief conceptual sketch of the new investment promotion programme given in document IDB.17/23 was of great interest for the developing countries in general. The IPS network constituted a valuable tool for the promotion of partnership with a view to international industrial investment and it was evident that the so-called "second-generation" offices were

83. The network of investment promotion units (IPU) also represented an essential tool for use by developing countries, especially in view of the fact that expansion of the IPS network was encountering financial problems in both developed and developing countries.

84. Finally, he noted the value of the Delegates Programme, for whose development and strengthening the Organization needed to secure new sources of funding, and reiterated his delegation's request that the Investment Forum be held in Tunisia in early 1998, as agreed with the Secretariat.

The meeting rose at 6 p.m.